

## **EXHIBIT 54**

UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF MASSACHUSETTS

COMMONWEALTH OF MASSACHUSETTS, *et al.*

*Plaintiffs,*

v.

NATIONAL INSTITUTES OF HEALTH, *et al.*

*Defendants.*

No. 1:25-cv-10338

**DECLARATION OF TOMÁS DÍAZ DE LA RUBIA**

I, Tomás Díaz de la Rubia, hereby declare:

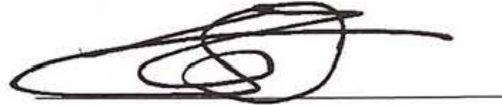
1. I am a resident of the State of Arizona. Since 2024, I have been employed by the University of Arizona (UA), as Senior Vice President for Research and Innovation. In addition to my current role, I have a Doctorate Degree in Physics and over 30 years' academic experience.
2. As Senior Vice President for Research and Innovation, I have personal knowledge of the matters set forth below, or have knowledge of the matters based on my review of information and records provided to me by UA employees and believe that information to be true. If called as a witness, I could and would testify competently to the matters set forth below.
3. I am providing this declaration to explain certain impacts of National Institutes of Health (NIH) Notice Number NOT-OD-25-068, *Supplemental Guidance to the 2024 NIH Grants Policy Statement: Indirect Cost Rates* (Notice), which purports to immediately reduce facilities and administrative costs payments (also known as indirect costs) to 15%.

4. UA is a Carnegie-recognized R1 research university that had more than \$1 billion in research and development activity in fiscal year 2024. UA's research is evidence of its commitment to expanding human potential, exploring new horizons, and enriching life for all. It is leading the way in tackling the most pressing and complex challenges of our time.
5. Federal funds are an important source of UA's support.
6. UA has a Negotiated Indirect Cost Rate Agreement with the Department of Health and Human Services. Ex. A.
7. The indirect cost rate in UA's Negotiated Indirect Cost Rate Agreement is 54.5% for on-campus research.
8. In federal fiscal year 2024, UA received 313 awards from NIH, totaling over \$170 million. Of that amount, approximately \$127 million were for direct costs and approximately \$44 million were for indirect costs. Because certain direct cost categories are exempted from calculating indirect costs, UA had a blended indirect cost rate of approximately 35%.
9. Recovering costs of research is essential to maintaining UA operations. UA incurs significant costs to perform research sponsored by federal agencies, which it otherwise would not incur. Indirect cost rates allow UA to recover some of the costs incurred in conducting research that are shared across a number of projects and university functions. These include the costs of buildings, interest, equipment, laboratory safety, research security compliance, IP protection, operations and maintenance, library services, general administration, and departmental administration.
10. The NIH Notice will likely cause UA to face a loss of millions of dollars annually in indirect cost recovery. Such a loss will have an immediate and deleterious impact on the

success of research projects and the University's ability to maintain the level of staffing critical to support those projects.

I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge.

Executed this 18 day of February, 2025, in Tucson, Arizona.

A handwritten signature in dark ink, consisting of several loops and a long horizontal stroke extending to the right.

Tomás Díaz de la Rubia  
Senior Vice President for Research and  
Innovation  
The University of Arizona

# EXHIBIT A

## COLLEGES AND UNIVERSITIES RATE AGREEMENT

EIN: 74-2652689  
 ORGANIZATION:  
 University of Arizona  
 University Services Building  
 888 N. Euclid Ave., Rm. 502F  
 Tucson, AZ 85721-0158

Date: 05/21/2024  
 FILING REF.: The preceding  
 agreement was dated  
 01/23/2024

The rates approved in this agreement are for use on grants, contracts and other agreements with the Federal Government, subject to the conditions in Section III.

## SECTION I: INDIRECT COST RATES

| RATE TYPES: |             | FIXED                   | FINAL          | PROV. (PROVISIONAL) | PRED. (PREDETERMINED)   |
|-------------|-------------|-------------------------|----------------|---------------------|---|
|             |             | <u>EFFECTIVE PERIOD</u> |                |                     |   |
| <u>TYPE</u> | <u>FROM</u> | <u>TO</u>               | <u>RATE(%)</u> | <u>LOCATION</u>     | <u>APPLICABLE TO</u>  |
| FINAL       | 07/01/2020  | 06/30/2023              | 53.50          | On-Campus           | Organized Research  |
| PRED.       | 07/01/2023  | 06/30/2024              | 53.50          | On-Campus           | Organized Research  |
| PRED.       | 07/01/2024  | 06/30/2025              | 54.50          | On-Campus           | Organized Research  |
| PRED.       | 07/01/2025  | 06/30/2026              | 55.00          | On-Campus           | Organized Research  |
| PRED.       | 07/01/2026  | 06/30/2027              | 55.50          | On-Campus           | Organized Research  |
| FINAL       | 07/01/2020  | 06/30/2023              | 26.00          | Off-Campus          | Organized Research  |
| PRED.       | 07/01/2023  | 06/30/2027              | 26.00          | Off-Campus          | Organized Research  |
| FINAL       | 07/01/2020  | 06/30/2023              | 50.00          | On-Campus           | Instruction   |
| PRED.       | 07/01/2023  | 06/30/2024              | 50.00          | On-Campus           | Instruction   |
| PRED.       | 07/01/2024  | 06/30/2027              | 40.00          | On-Campus           | Instruction   |
| FINAL       | 07/01/2020  | 06/30/2023              | 26.00          | Off-Campus          | Instruction   |
| PRED.       | 07/01/2023  | 06/30/2027              | 26.00          | Off-Campus          | Instruction   |
| FINAL       | 07/01/2020  | 06/30/2023              | 47.00          | On-Campus           | Other Sponsored Activities  |
| PRED.       | 07/01/2023  | 06/30/2024              | 47.00          | On-Campus           | Other Sponsored Activities  |
| PRED.       | 07/01/2024  | 06/30/2027              | 38.00          | On-Campus           | Other Sponsored Activities  |
| FINAL       | 07/01/2020  | 06/30/2023              | 26.00          | Off-Campus          | Other Sponsored Activities  |
| PRED.       | 07/01/2023  | 06/30/2027              | 26.00          | Off-Campus          | Other Sponsored Activities  |
| PROV.       | 07/01/2027  | Until Amended           |                |                     | Use same rates and conditions as those cited for fiscal year ending Jun 30, 2027. |

\*BASE

ORGANIZATION: University of Arizona  
AGREEMENT DATE: 05/21/2024

---

Modified total direct costs, consisting of all salaries and wages, fringe benefits, materials, supplies, services, travel, and up to the first \$25,000 of each subaward (regardless of the period of performance of the subawards under the award). Modified total direct costs shall exclude equipment, capital expenditures, charges for patient care, student tuition remission, rental costs of off-site facilities, scholarships, and fellowships, participant support costs and the portion of each subaward in excess of \$25,000. Other items may only be excluded when necessary to avoid a serious inequity in the distribution of indirect costs, and with the approval of the cognizant agency for indirect costs.

ORGANIZATION: University of Arizona  
 AGREEMENT DATE: 05/21/2024

---

**SECTION I: FRINGE BENEFIT RATES\*\***

---

| <u>TYPE</u> | <u>FROM</u> | <u>TO</u> | <u>RATE(%)</u> | <u>LOCATION</u> | <u>APPLICABLE TO</u>   |
|-------------|-------------|-----------|----------------|-----------------|--|
| FIXED       | 7/1/2024    | 6/30/2025 | 32.00          | All             | UA Employees   |
| FIXED       | 7/1/2024    | 6/30/2025 | 17.10          | All             | Ancillary Employees  |
| FIXED       | 7/1/2024    | 6/30/2025 | 2.00           | All             | Student Employees  |
| FIXED       | 7/1/2024    | 6/30/2025 | 13.00          | All             | Graduate Assistants  |
| PROV.       | 7/1/2025    | 6/30/2028 |                |                 | Use same rates and conditions as those cited for fiscal year ending June 30, 2025. |

**\*\* DESCRIPTION OF FRINGE BENEFITS RATE BASE:**

Salaries and wages including vacation, holiday, sick leave pay and other paid absences.

ORGANIZATION: University of Arizona  
AGREEMENT DATE: 05/21/2024

---

## **SECTION II: SPECIAL REMARKS**

---

### TREATMENT OF FRINGE BENEFITS:

The fringe benefits are charged using the rate(s) listed in the Fringe Benefits Section of this Agreement. The fringe benefits included in the rate(s) are listed below.

### TREATMENT OF PAID ABSENCES:

Vacation, holiday, sick leave pay and other paid absences are included in salaries and wages and are claimed on grants, contracts, and other agreements as part of the normal cost for salaries and wages. Separate claims for the costs of these paid absences are not made, except where vacation benefit leave is accrued and earned but unused at the termination of a project.

### OFF-CAMPUS DEFINITION AND APPLICATION

The off-campus rate is applicable to those projects that are conducted in facilities not owned, leased or operated by the University. If the project is conducted in leased space and lease costs are directly charged to the project, then the off-campus rate must be used. A project is considered off-campus if more than 50% of its salaries and wages are incurred at an off-campus facility. If a project is determined to be off-campus, it shall be considered wholly off-campus. Separate on and off-campus rates will not be used for a single project.

### DEFINITION OF EQUIPMENT

Equipment is defined as tangible nonexpendable personal property (including information technology systems) having a useful life of more than one year and an acquisition cost of \$5,000 or more per unit.

The following fringe benefits are included in the fringe benefit rate(s):

FICA, WORKERS COMPENSATION, UNEMPLOYMENT COMPENSATION, LIABILITY INSURANCE, HEALTH/ACCIDENT/LIFE/DISABILITY INSURANCE (HALD), DEPENDENT CARE ASSISTANCE, RETIREMENT, RETIREE SICK PAY, TERMINATION LEAVE AND QUALIFIED TUITION REDUCTION PROGRAM FOR EMPLOYEES.

This rate agreement updates the fringe benefits only.

### NEXT PROPOSAL DUE DATE

Your indirect cost proposal based on your fiscal year ending 06/30/26 is due in our office by 12/31/26, and fringe benefit rate proposal based on fiscal year ending 06/30/24 is due in our office by 12/31/24.

ORGANIZATION: University of Arizona  
 AGREEMENT DATE: 05/21/2024

### SECTION III: GENERAL

#### A. LIMITATIONS:

The rates in this Agreement are subject to any statutory or administrative limitations and apply to a given grant, contract or other agreement only to the extent that funds are available. Acceptance of the rates is subject to the following conditions: (1) Only costs incurred by the organization were included in its indirect cost pool as finally accepted; such costs are legal obligations of the organization and are allowable under the governing cost principles; (2) The same costs that have been treated as indirect costs are not claimed as direct costs; (3) Similar types of costs have been accorded consistent accounting treatment; and (4) The information provided by the organization which was used to establish the rates is not later found to be materially incomplete or inaccurate by the Federal Government. In such situations the rate(s) would be subject to renegotiation at the discretion of the Federal Government.

#### B. ACCOUNTING CHANGES:

This Agreement is based on the accounting system purported by the organization to be in effect during the Agreement period. Changes to the method of accounting for costs which affect the amount of reimbursement resulting from the use of this Agreement require prior approval of the authorized representative of the cognizant agency. Such changes include, but are not limited to, changes in the charging of a particular type of cost from indirect to direct. Failure to obtain approval may result in cost disallowances.

#### C. FIXED RATES:

If a fixed rate is in this Agreement, it is based on an estimate of the costs for the period covered by the rate. When the actual costs for this period are determined, an adjustment will be made to a rate of a future year(s) to compensate for the difference between the costs used to establish the fixed rate and actual costs.

#### D. USE BY OTHER FEDERAL AGENCIES:

The rates in this Agreement were approved in accordance with the authority in Title 2 of the Code of Federal Regulations, Part 200 (2 CFR 200), and should be applied to grants, contracts and other agreements covered by 2 CFR 200, subject to any limitations in A above. The organization may provide copies of the Agreement to other Federal Agencies to give them early notification of the Agreement.

#### E. OTHER:

If any Federal contract, grant or other agreement is reimbursing indirect costs by a means other than the approved rate(s) in this Agreement, the organization should (1) credit such costs to the affected programs, and (2) apply the approved rate(s) to the appropriate base to identify the proper amount of indirect costs allocable to these programs.

#### BY THE INSTITUTION:

University of Arizona

(INSTITUTION)

Nicole Salazar

Nicole Salazar (May 29, 2024 15:40 PDT)

(SIGNATURE)

Nicole Salazar

(NAME)

Vice President, Financial Services

(TITLE)

May 29, 2024

(DATE)

#### ON BEHALF OF THE GOVERNMENT:

DEPARTMENT OF HEALTH AND HUMAN SERVICES

(AGENCY)

Arif M. Karim -S

Digitally signed by Arif M. Karim -S  
 Date: 2024.05.23 16:56:09 -05'00'

(SIGNATURE)

Arif Karim

(NAME)

Director, Cost Allocation Services

(TITLE)

05/21/2024

(DATE)

HHS REPRESENTATIVE: Jeanette Lu

TELEPHONE: (415) 437-7820

Signature:

Email:








# RU6990-23 University of Arizona RA - V2

Final Audit Report

2024-05-29

|                 |  |
|-----------------|--|
| Created:        | 2024-05-29                                   |
| By:             | Andrea Lewis (andrealewis@arizona.edu)       |
| Status:         | Signed                                       |
| Transaction ID: | CBJCHBCAABAAPs5tzpmKigreHW_Tr0bHgp4kh9ggLML2 |

## "RU6990-23 University of Arizona RA - V2" History

-  Document digitally presigned by Arif M. Karim -S (Arif.Karim@psc.hhs.gov)  
2024-05-23 - 9:56:09 PM GMT- IP address: 72.222.133.86
-  Document created by Andrea Lewis (andrealewis@arizona.edu)  
2024-05-29 - 10:38:46 PM GMT- IP address: 72.222.133.86
-  Document emailed to hinzen@arizona.edu for signature  
2024-05-29 - 10:39:25 PM GMT
-  Email viewed by hinzen@arizona.edu  
2024-05-29 - 10:39:48 PM GMT- IP address: 104.47.56.254
-  Signer hinzen@arizona.edu entered name at signing as Nicole Salazar  
2024-05-29 - 10:40:25 PM GMT- IP address: 174.231.89.232
-  Document e-signed by Nicole Salazar (hinzen@arizona.edu)  
Signature Date: 2024-05-29 - 10:40:27 PM GMT - Time Source: server- IP address: 174.231.89.232
-  Agreement completed.  
2024-05-29 - 10:40:27 PM GMT